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SUBJECT: DMK INSIDER SAYS CIV-NUKE WILL GO FORWARD; EXPECTS ELECTIONS IN THE FALL

REF: 2007 CHENNAI 605

¶1. (SBU) SUMMARY: Tamil Nadu Minister for Electricity and Rural Industry Arcot Veerasamy told post that he expects the ruling United Progressive Alliance (UPA) to move forward on the U.S.-India Civil Nuclear Cooperation Agreement. Veerasamy's comments merit attention because he is DMK leader M. Karunanidhi's right-hand man and is privy to inside information on the DMK's communications with the UPA. Veerasamy said Congress leader Sonia Gandhi and Prime Minister Manmohan Singh are "fully committed" to completing the initiative. He added that he expects parliamentary elections in September or October. Veerasamy also confirmed that the DMK plans to allocate two of five potential Rajya Sabha seats to the Congress party, indicating a closing of the ranks between the DMK and Congress. END SUMMARY.

VEERASAMY SEES NUKE DEAL GOING THROUGH

¶2. (SBU) Visiting to apply for a visa in order to travel to the United States to look into solar power technology, Veerasamy discussed the state's energy situation and future plans. Veerasamy told us that India needs nuclear energy to meet its growing demand for power. When asked about the prospects of the U.S.-India Civil Nuclear Cooperation Agreement, Veerasamy said he expects it to go through because Congress party leader Sonia Gandhi and Prime Minister Manmohan Singh are "fully committed" to completing the initiative. Veerasamy acknowledged that the Left parties are opposed to the agreement, but said the DMK supports it fully. Pointing to the December 2007 speech by DMK Rajya Sabha Member K. Kanimozi (who is also DMK leader Karunanidhi's daughter) on the floor of India's Parliament, Veerasamy said "our leader's daughter" expressed the DMK's strong support of the initiative. Veerasamy added that he expects parliamentary elections in September or October.

CONGRESS AND DMK CLOSING RANKS

¶3. (SBU) Veerasamy also confirmed reports that the DMK has agreed to allot two of five seats that the DMK-led ruling coalition is expected to win in the upcoming Rajya Sabha elections to Congress candidates. Veerasamy told us "Sonia-ji asked our leader for two seats and he agreed." Congress leader M. Veerappa Moily confirmed to post that Sonia Gandhi had requested two seats. Moily denied recent rumors that the Congress-DMK relationship was on the rocks; he said the alliance will only grow stronger in the coming days. Moily took pains to note that Congress would not allow the controversy over the Sethusamudram project (reftel) to damage its relationship with the DMK but he declined to offer specifics as to how the Congress planned to handle the matter.

¶4. (U) Veerasamy and Moily's comments come against the backdrop of a brewing controversy over Rajya Sabha seat allocation among the DMK-led ruling coalition in Tamil Nadu. The coalition is expected to win five seats. Under the proposed seat allocation announced this week, the DMK gets two seats, Congress two, and the Communist Party of India (Marist) (CPI-M) gets one. The proposal has angered PMK leader S. Ramadoss, who argued that his PMK shuld get at least one seat on account of the factthat it holds more seats in the Tamil Nadu legislature than the CPI-M. Karunanidhi's responded that the DMK rewarded the PMK in 2004 by supporting Ramadoss's son Dr. Ambumani Ramadoss's election to the Rajya Sabha and that it is now the CPI-M's turn to take a seat in the upper body of Parliament. The elder Ramadoss was not mollified, saying Karunanidhi had "hurt the PMK deeply." According to media reports, the PMK is considering the possibility of contesting for a Rajya Sabha seat in defiance of the DMK's seat allocation decision.

¶5. (SBU) COMMENT: Because of Veerasamy's close relationship to the Chief Minister, his comments on the civil nuclear initiative are as good as having heard them from Karunanidhi himself. The DMK appears to have gotten its previous reluctance to face early elections. They are fully behind the deal and, more importantly, believe that Congress plans to move forward on it. The alliance between the two parties also seems to be getting closer, despite rumors in Tamil Nadu that both were exploring other options for upcoming elections. Karunanidhi's willingness to alienate the PMK -- a small, but influential party that frequently casts the deciding vote in Tamil Nadu's state elections -- on the question of Rajya Sabha seat allocation is strong evidence that he is casting his lot with the Congress. END COMMENT.

¶6. (U) This message was coordinated with Embassy New Delhi.

HOPPER